

MEMORANDUM FOR: Director of Central Intelligence

FROM: Harry E. Fitzwater
Deputy Director for Administration

SUBJECT: Industrial Security Enhancements Resulting
from the []

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1. In accordance with your request this memorandum summarizes actions taken by the Office of Security, following the [] to enhance the Agency's security program not only at TRW but throughout the industrial community. The actions result primarily from recommendations made [] to the DCI by a special security review task force established to study the impact of the []

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2. Significant enhancements have been realized in three general areas of security as follows:

a. Physical and Procedural Security

° The Director of Security was given clear responsibility for overall coordination of the entire industrial security effort of the Agency. An Industrial Security Branch was established within the Office of Security to monitor industrial security programs and to conduct physical and procedural audits of Agency contractors.

° Two hundred and sixty-three security audits have been completed to date by Office of Security professionals who assure compliance by contractors with established standards. Several contractors have been reaudited since the commencement of the program because of the sensitivity of their holdings; [] for example, was comprehensively audited during May/June 1977 and has subsequently been reaudited during

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April/May 1979 and April 1982. Two hundred and four firms have been covered by the 263 audits completed to date.

- Security manuals which detail security policies and procedures for contractors have been revised and updated: Standard Security Procedures for Contractors - May 1979; NFIB/NFIC Physical Security Standards for SCI Facilities - April 1981; BYEMAN Industrial Security Manual - August 1982. These manuals provide detailed instructions and guidance for industrial contractor Security Officers.

- The Security Staffs of the Agency's principal procurement authorities, the Office of Logistics and the DDS&T, were augmented to improve enforcement of stringent security standards.

- Agency contracts have been modified to include strengthened security requirements and, where applicable, incorporate security factors in performance award decisions.

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° The "Two-Person Rule" was implemented which requires that the contractors have at least two cleared people present within any contractor-operated [] or registry when those facilities are open.

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° Document inventory procedures were strengthened and file holdings reduced through consistent document destruction efforts.

b. Personnel Security

° Heavy emphasis on counterintelligence issues continues to be a part of the training of new Agency investigators and security reindoctrination of investigators in the field.

° Coverage in the personnel security background investigations of industrial contractor employees has been expanded; special emphasis has been given to investigators to develop references from the peer group of the employee.

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° The clearance adjudication standards in industrial cases have been tightened. A more intense scrutiny is given to industrial contractor employees on whom suitability (distinct from pure security issues like loyalty, crime, drugs) information has been developed. An Industrial Review Panel (IRP) chaired by the Office of Security with representatives from the Office of

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Medical Services, Office of Logistics, DDS&T and Office of General Counsel considers suitability issues. The Panel is similar to the Applicant Review Panel which functions in Staff Applicant adjudications. The Industrial Review Panel examined 115 cases in FY 1981, 60 were turned down. In FY 1982, 35 of 75 cases considered were turned down.

c. Security Education

° Industrial security training conferences and seminars are conducted by the Office of Security for Security Officers in industry. During the past four years approximately two conferences each year have been conducted at Headquarters with approximately thirty firms represented at each conference/seminar. This represents a vast improvement in security education. [redacted] participated in three such conferences as well as in two computer security training courses for contractors.

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° Professional Security Officers assigned to the Office of Security's counterintelligence arm repeatedly address industrial conferences and seminars to present counterintelligence issues to heighten awareness of such matters.

° During the past year the Office of Security has expanded its security awareness briefing effort to contractors to include lectures on Technology Transfer by [redacted] of the DDI.

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